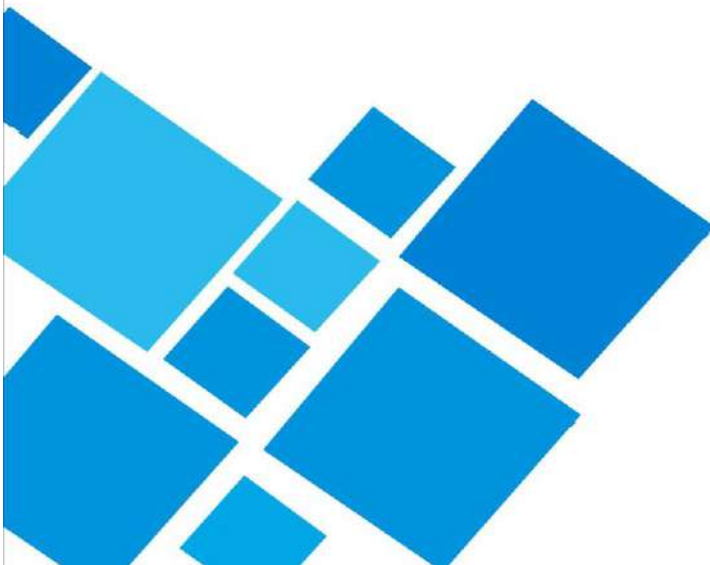


SG ALLIED BUSINESSES LIMITED



**ANNUAL REPORT
JUNE 30, 2022**



CONTENTS

2022

COMPANY INFORMATION	2
REVIEW REPORT BY THE CHAIRMAN ON BOARD'S OVERALL	3
NOTICE OF ANNUAL GENERAL MEETING	4
DIRECTOR'S REPORT	5
VISION / MISSION STATEMENT	15
CORPORATE OBJECTIVES & DEVELOPMENT STRATEGY	15
STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE	16
REVIEW REPORT OF CORPORATE GOVERNANCE	19
AUDITORS' REPORT TO THE MEMBERS	20
BALANCE SHEET	24
PROFIT & LOSS ACCOUNT	25
CASH FLOW STATEMENT	26
STATEMENT OF CHANGES IN EQUITY	27
NOTES TO THE ACCOUNTS	28
PATERN OF SHAREHOLDING	53
FORM OF PROXY	55



COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Sohail Ahmed	Chief Executive
Mr. Asim Ahmed	Director
Mrs. Ghazala Salim	Director
Mrs. Saba Sohail	Director
Mrs. Sana Sohail	Director
Ms. Bina Sohail	Director
Mr. Farhan Sohail	Director

AUDIT COMMITTEE

Mr. Sohail Ahmed	Chief Executive
Mr. Rafiq Ahmed	Independent Director
Mrs. Tania Asim	Independent Director

HR AND REMUNERATION COMMITTEE

Mr. Sohail Ahmed	Director
Mr. Rafiq Ahmed	Independent Director
Mrs. Tania Asim	Independent Director

CHIEF FINANCIAL OFFICER

Mr. Muhammad Hasan

AUDITORS

Muniff Ziauddin & Co.
Chartered Accountants

LEGAL ADVISOR

Mohsin Tayab & Co.

BANKERS

Bank Islami Limited
Bank Al Habib Limited
Summit Bank Limited

SHARES REGISTRAR

M/S F.D. Registrar
Services (SMC-Pvt.) Limited,
Office# 1705, 17th Floor,
Saima Trade Tower
'A', I.I. Chundrigar Road, Karachi.

REGISTERED OFFICE

B-40 S.I.T.E., Karachi.



Review Report by the Chairman on Board's overall

As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of (the "Board") of SG Allied Businesses Limited (the "Company") is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company. Areas where improvements are required are duly considered and action plans are framed.

The Board has recently completed its annual self-evaluation for the year ended June 30, 2022 and I report that:

The overall performance of the Board measured on the basis of approved criteria for the year was satisfactory. The overall assessment as Satisfactory is based on an evaluation of the following integral components, which have a direct bearing on Board's role in achievement of Company's objectives:

1. Vision, mission and values: Board members are familiar with the current vision, mission and values and support them. The Board revisits the mission and vision statement from time to time.
2. Engagement in strategic planning: Board has a clear understanding of the stakeholders (shareholders, customers, employees, vendors, Society at large) whom the Company serves. The Board has a strategic vision of how the organization should be evolving over the next three to five years. Further Board sets annual goals and targets for the management in all major performance areas.
3. Diligence: The Board members diligently performed their duties and thoroughly reviewed, discussed and approved Business Strategies, Corporate Objectives, plans, budgets, financial statements and other reports. It received clear and succinct agendas and supporting written material in sufficient time prior to board and committee meetings. The board met frequently enough to adequately discharge its responsibilities.
4. Monitoring of organization's business activities: The Board remained updated with respect to achievement of Company's objectives, goals, strategies and financial performance through regular presentations by the management, internal and external auditors and other independent consultants. The Board provided appropriate direction and oversight on a timely basis.
5. Diversity and Mix: The Board members effectively bring the diversity to the Board and constitute a mix of independent and non-executive directors. The non-executive and independent directors were equally involved in important board decisions.
6. Governance and Control Environment: The Board has effectively set the tone-at-the-top, by putting in place transparent and robust system of governance. This is reflected by setting up an effective control environment, compliance with best practices of corporate governance and by promoting ethical and fair behavior across the company.

Karachi Dated: 14 November 2022.

Mr. Sohail Ahmed
Chairman & Chief Executive



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 54th Annual General Meeting of the members of M/s SG Allied Businesses Limited will be held on Monday December 12, 2022 at 10:30 AM at Company Registered Office at B-40, S.I.T.E., Karachi to transact the following business:

1. To confirm the minutes of 53rd Annual General Meeting held on Saturday November 27, 2021.
2. To receive, consider and adopt audited annual accounts of the company for the year ended June 30, 2022 together with the Directors' and Auditors' report thereon.
3. To appoint auditors for the year 2022-23 and fix their remunerations.
4. To transact any other business with the permission of the Chair.

Karachi: November 21, 2022

By Order of the Board

Muhammad Hasan
(Company Secretary)

Notes:

1. The Shares Transfer Books of the Company will remain closed from December 05, 2022 to December 12, 2022 (both days inclusive) for the purpose of the Annual General Meeting.
2. A member entitled to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend the meeting and vote instead of him/her. In case of corporate entity, the Board of Director's resolution/power of attorney with specimen signature shall be submitted along with proxy from the Company. Proxies in order to be effective must reach at the Registered Office of the Company not less than 48 hours before the time of the meeting.
3. Members are requested to notify change in their mailing address, if any, immediately to the Share Registrar of the Company M/S F.D. Registrar Services (Private) Limited, Office No. 1705, 17th Floor, Saima Trade Tower, I.I. Chundrigar Road, Karachi.
4. Members, who have deposited their shares with the Central Depository Company of Pakistan Ltd. (CDC), are requested to bring their original Computerized National Identity Cards along with their account numbers in CDC for verification at the time of the meeting.
5. CDC account holders will further have to follow the guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.



SG Allied Businesses Limited

DIRECTORS' REPORT

The Board of Directors of SG Allied Businesses Limited (SGABL) is pleased to present the 54th Annual Report and Audited Financial Statements of the Company together with Auditor's Report for the year ended 30th June 2022.

The Auditors have issued a qualified report. The directors would like to comment on the qualifications as under:

- i) The Company is pursuing to fulfil the requirements of IAS 41 – Agriculture in relation to the biological assets held by the Company.
- ii) Several expenses and facilities are shared among the segments of the company further the contribution of agriculture and cold storage to word the revenue are not significant, therefore, segmental reporting could not be done, however, the business is growing the issue of segmental reporting will be resolved.
- iii) For the fair value estimate and forced sale value of Investment Property, the valour has been appointed in this regard after issuing the report on the part of valour the matter will be resolved in the subsequent period.

FINANCIAL RESULTS

The performance of your Company during the year under review has been on track of recovery due to the factors as mentioned above. The Company has made a sale of Rs. 14.25 million for the year comparing to the last year of sale was 16.9 million, however the accumulated loss as at June 30, 2022 stood at Rs.766.58 million as compared to Rs.770.52 million for the previous year, no dividend is purposed in current year, a revaluation activity was carried out consequently the assets were revalued, therefore, financial statements shows revaluations reserve. The major reason of loss was payment of such expenses those in nature of professional and devotement.

Following are the financial results for the year ended June 30, 2022:

Sales	14,245,055
Cost of Sales	(9,854,380)
Gross Profit	4,392,717
Admin & Selling Expenses	(68,066,440)
Other Income	53,838,429
Financial charges	(107,222)
Loss before taxation	(9,942,517)
Loss after taxation	(10,793,585)
Earnings per share	(0.72)



During the financial year following were the directors of the company;

S. No.	Name of Director
1	Mr. Sohail Ahmed
2	Mr. Asim Ahmed
3	Mr. Ferhan Sohail
4	Ms. Saba Sohail
5	Ms. Bina Sohail
6	Ms. Sana Sohail
7	Mrs. Ghazala Ahmed

Company were involved in the businesses of Hi-tech Agriculture product, cold storage and providing services of tenancy.

During the year there was no such risk was faced by the company

FUTURE OUTLOOK

The Company has been extending its business activities. Alhamd o Lillah all existing lines of business including Cold Storage and vertical farm showing improved revenue;

Company is in process to build new Hydroponic Facility which will start production in January 2023 and this will add new products in Company's portfolio, therefore, revenue from facility is correspondingly reported in year 2022-23, similarly,

A new concept of vertical farm is introduced by SG Allied Businesses Limited in Pakistan the this segment grab a lot of appreciation in market, therefore, Some TV Channels gave reasonable size of media coverage, the prominent TV channels including SAMA TV, Arab News and Geo TV telecasted a program of our Vertical Farm.

Financial results show an increasing trend of sales from vertical farm. The company in planning new Agri products will be made, hence, a new vertical farm structure is going to be built, and therefore, more products will be added in company's product line in upcoming year. Company is in the process of further expending the farming facility in upcoming year 2023 a new line in agriculture product is under development.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

In accordance with the requirement of the Code of Corporate Governance Regulation 2019 of Securities and Exchange Commission of Pakistan, the Directors hereby confirm that:

- The financial Statements for the year ended June 30, 2022 prepared by the management present fairly its state of affairs, the results of its operation, cash flow and change in equity.
- Proper books of accounts of the Company have been maintained.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.



Vertical Farm Setup



Vertical Farm



Mushroom



Cold Storage





- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgement.
- The Company is in the process of implementing internal control.
- There has been no material departure from the best practice of Code of Corporate Governance as detailed in the listing regulations.
- The Directors, Chief Executive and their spouses and minor children did not carry out any transaction in the shares of the Company during the year.
- Compliance of Code of Corporate Governance is annexed.
- Certain non-compliances mentioned in the Auditors' Review Report are due to the fact that the Company is in the process of revamping its business process and certain compliances remained unshowered as at the year end.

The Board held four meeting during the year. The attendance by each Director was as follows:

<u>Name of Director</u>	<u>No. of meeting attended</u>
Mr. Sohail Ahmed	4
Mr. Asim Ahmed	4
Mr. Ferhan Sohail	4
Ms. Saba Sohail	4
Ms. Bina Sohail	4
Ms. Sana Sohail	4
Mrs. Ghazala Ahmed	3

Leave of absence was granted to director who could not attend some of the Board meeting.

AUDITORS

The present Auditors M/S Muniff Ziauddin & Co., Chartered Accountants, retires and being eligible, offers themselves for re-appointment. Audit Committee recommended for their re-appointment for the year ending June 30, 2022.

AUDIT COMMITTEE

The meetings of Audit Committee were held during the year ended June 30, 2022 as required by Code of Corporate Governance for review of Quarterly/Half Yearly, Annual Account and the related matters. The meetings were also attended by the External Auditors as and when required.

The composition of the Committee is as follows:-

Mr. Asim Ahmed	Chairman
Mr. Farhan Sohail	Member
Ms. Saba Sohail	Member



ACKNOWLEDGEMENT

The Directors of your Company offer their sincere gratitude to the shareholders, institutions for their support and assistance.

SHARE HOLDINGS PATTERN

The Pattern of Shareholding as on June 30, 2022 is annexed.

On behalf of the
Board of Directors

Sohail Ahmed
Chief Executive

Farhan Sohail
Director

Karachi 14, November, 2022

ایس جی الائیڈ بزنسز لمیٹڈ

ڈائریکٹرز کی رپورٹ ایس جی الائیڈ بزنسز لمیٹڈ (SGABL) کے بورڈ آف ڈائریکٹرز کو 30 جون 2022 کو ختم ہونے والے سال کے لیے آڈیٹر کی رپورٹ کے ساتھ کمپنی کی 54dt سالانہ رپورٹ اور آڈٹ شدہ مالیاتی بیانات پیش کرنے پر خوشی ہے۔

آڈیٹرز نے مستند رپورٹ جاری کر دی ہے۔ ڈائریکٹرز مندرجہ ذیل قابلیت پر تبصرہ کرنا چاہیں گے: (i) کمپنی کمپنی کے پاس موجود حیاتیاتی اثاثوں کے سلسلے میں IAS 41 - زراعت کی ضروریات کو پورا کرنے کی کوشش کر رہی ہے۔ (ii) کمپنی کے طبقات کے درمیان کئی اخراجات اور سہولیات کا اشتراک کیا جاتا ہے مزید کہ آمدنی میں زراعت اور کولڈ سٹوریج کا حصہ اہم نہیں ہے، اس لیے سیگمنٹل رپورٹنگ نہیں کی جا سکی، تاہم، کاروبار سیگمنٹل رپورٹنگ کا مسئلہ بڑھ رہا ہے۔ حل ہو جائے گا۔ (iii) سرمایہ کاری کی جانیداد کی منصفانہ قیمت کے تخمینہ اور جبری فروخت کی قیمت کے لیے، اس سلسلے میں بہادری کا تقرر کیا گیا ہے، بہادری کی جانب سے رپورٹ جاری کرنے کے بعد معاملہ آئندہ مدت میں حل کر لیا جائے گا۔

مالیاتی نتائج

زیر نظر سال کے دوران آپ کی کمپنی کی کارکردگی اوپر بیان کیے گئے عوامل کی وجہ سے بحالی کے راستے پر رہی ہے۔ کمپنی نے روپے کی فروخت کی ہے۔ فروخت کے پچھلے سال کے مقابلے میں سال کے لئے 14.25 ملین 16.9 ملین تھا، تاہم 30 جون 2022 کو جمع شدہ نقصان 766.58 ملین روپے رہا جو پچھلے سال کے 770.52 ملین روپے کے مقابلے میں ہے، موجودہ میں کوئی ڈیویڈنڈ کا مقصد نہیں ہے۔ سال، دوبارہ تشخیص کی سرگرمی انجام دی گئی جس کے نتیجے میں اثاثوں کا دوبارہ جائزہ لیا گیا، لہذا، مالیاتی بیانات دوبارہ تشخیص کے ریزرو کو ظاہر کرتے ہیں۔ نقصان کی بڑی وجہ ایسے اخراجات کی ادائیگی تھی جو پیشہ ورانہ اور لگن کی نوعیت کے ہوتے ہیں۔ 30 جون 2022 کو ختم ہونے والے سال کے مالی نتائج درج ذیل ہیں:

14,245,055	سیلز
(9,854,380)	فروخت کی لاگت
4,392,717	مجموعی منافع
(68,066,440)	ایڈمن اور سیلنگ اخراجات
53,838,429	دیگر آمدنی
(107,222)	مالیاتی چارجز
(9,942,517)	ٹیکس سے پہلے نقصان
(10,793,585)	ٹیکس کے بعد نقصان
(0.72)	فی شیئر آمدنی

مالی سال کے دوران کمپنی کے ڈائریکٹرز درج ذیل تھے۔

S. نمبر ڈائریکٹر کا نام

- 1 جناب سہیل احمد
- 2 جناب عاصم احمد
- 3 مسٹر فرحان سہیل
- 4 محترمہ صبا سہیل
- 5 محترمہ بیبا سہیل
- 6 محترمہ ثنا سہیل
- 7 مسز غزالہ احمد

کمپنی بانی ٹیک زرعی مصنوعات، کولڈ اسٹوریج اور کرایہ داری کی خدمات فراہم کرنے کے کاروبار میں ملوث تھی۔

سال کے دوران کمپنی کو اس طرح کے کسی خطرے کا سامنا نہیں کرنا پڑا

مستقبل کا آؤٹ لک کمپنی اپنی کاروباری سرگرمیوں کو بڑھا رہی ہے۔

الحمد للہ کاروبار کی تمام موجودہ لائنیں بشمول کولڈ اسٹوریج اور عمودی فارم بہتر آمدنی دکھا رہے ہیں۔ کمپنی نئی ہائیڈروپونک

سہولت کی تعمیر کے عمل میں ہے جس کی پیداوار جنوری 2023 میں شروع ہو

جائے گی اور اس سے کمپنی کے پورٹ فولیو میں نئی مصنوعات شامل ہوں گی،

لہذا، سہولت سے حاصل ہونے والی آمدنی اسی طرح سال 2022-23 میں بتائی گئی

ہے، اسی طرح، پاکستان میں ایس جی الائیڈڈ نرسز لمیٹڈ کی جانب سے

عمودی فارم کا ایک نیا تصور متعارف کرایا گیا ہے، اس طبقے کو مارکیٹ میں کافی پذیرائی حاصل ہے، اس لیے کچھ ٹی وی چینلز نے مناسب انداز میں میڈیا کوریج فراہم

کی، جس میں نمایاں ٹی وی چینلز بشمول سما ٹی وی، عرب نیوز اور جیو۔ ٹی وی

ایک پروگرام ٹیلی کاسٹ کیا۔ مالیاتی نتائج عمودی فارم سے نے ہمارے عمودی فارم کا

فروخت کے ہ ہتے ہوئے رجحان کو ظاہر کرتے ہیں۔ نئی زرعی مصنوعات کی

منصوبہ بندی کرنے والی کمپنی بنائی جائے گی، اس لیے ایک نیا عمودی فارم کا

ڈھانچہ بنایا جا رہا ہے، اور اس لیے آئندہ سال کمپنی کی مصنوعات کی لانن میں مزید مصنوعات شامل کی جائیں گی۔ کمپنی آئندہ سال 2023 میں کاشتکاری کی سہولت کو مزید بڑھانے کے عمل میں ہے زرعی مصنوعات میں ایک نئی لانن تیار کی جا رہی ہے۔ کوڈ آف کارپوریٹ گورننس کے ساتھ تعمیل سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے کوڈ آف کارپوریٹ گورننس ریگولیشن 2019 کی ضرورت کے مطابق، ڈائریکٹرز اس بات کی تصدیق کرتے ہیں:

- 30 جون 2022 کو ختم ہونے والے سال کے مالیاتی بیانات جو انتظامیہ کے ذریعہ تیار کیے گئے ہیں اس میں اس کی حالت، اس کے کام کے نتائج، کیش فلو اور ایکویٹی میں تبدیلی کو پیش کیا گیا ہے۔
- کمپنی کے اکاؤنٹس کی مناسب کتابیں برقرار رکھی گئی ہیں۔
- بین الاقوامی اکاؤنٹنگ معیارات، جیسا کہ پاکستان میں لاگو ہوتا ہے، مالی بیانات کی تیاری میں پیروی کی گئی ہے۔

- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو مستقل طور پر لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔
- کمپنی اندرونی کنٹرول کو نافذ کرنے کے عمل میں ہے۔
- کوڈ آف کارپوریٹ گورننس کے بہترین عمل سے کوئی مادی اخراج نہیں ہوا ہے جیسا کہ فہرست سازی کے ضوابط میں تفصیل سے بتایا گیا ہے۔
- ڈائریکٹرز، چیف ایگزیکٹو اور ان کی شریک حیات اور نابالغ بچوں نے سال کے دوران کمپنی کے حصص میں کوئی لین دین نہیں کیا۔
- کوڈ آف کارپوریٹ گورننس کی تعمیل منسلک ہے۔
- آڈیٹرز کی جائزہ رپورٹ میں ذکر کردہ کچھ غیر

تعمیلات اس حقیقت کی وجہ سے ہیں کہ کمپنی اپنے کاروباری عمل کو بہتر بنانے کے عمل میں ہے اور سال کے آخر میں کچھ تعمیلات کو برقرار رکھا گیا ہے۔ بورڈ نے سال کے دوران چار اجلاس منعقد کئے۔ ہر ڈائریکٹر کی حاضری حسب ذیل تھی:

اجلاس میں شریک ڈائریکٹر

کا نام نمبر

جناب سہیل احمد 4

جناب عاصم احمد 4

مسٹر فرحان سہیل 4

محترمہ صبا سہیل 4

محترمہ بینا سہیل 4

محترمہ ثنا سہیل 4

مسز غزالہ احمد 3

ڈائریکٹر کو غیر حاضری کی چھٹی دی گئی جو بورڈ کے کچھ اجلاس میں شرکت نہیں کر سکے۔



آڈیٹرز موجودہ آڈیٹرز M/S منف ضیاء الدین اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو رہے ہیں اور اہل ہیں، خود کو دوبارہ تقرری کے لیے پیش کرتے ہیں۔ آڈٹ کمیٹی نے 30 جون 2022 کو ختم ہونے والے سال کے لیے ان کی دوبارہ تقرری کی سفارش کی۔ حساب کتاب کا گروہ یا لوگ آڈٹ کمیٹی کے اجلاس 30 جون 2022 کو ختم ہونے والے سال کے دوران منعقد کیے گئے تھے جیسا کہ کوڈ آف کارپوریٹ گورننس کے مطابق سہ ماہی/ششماہی، سالانہ اکاؤنٹ اور متعلقہ امور کا جائزہ لیا گیا تھا۔ اجلاسوں میں ضرورت پڑنے پر بیرونی آڈیٹرز نے بھی شرکت کی۔ کمیٹی کی تشکیل حسب ذیل ہے:-

جناب عاصم احمد چیئرمین

جناب فرحان سہیل ممبر

محترمہ صبا سہیل ممبر

اعتراف

آپ کی کمپنی کے ڈائریکٹرز شینر ہولڈرز، اداروں کے تعاون اور مدد کے لیے ان کا تہہ دل سے شکریہ ادا کرتے ہیں۔

شینر ہولڈنگز پیٹرن 30 جون 2022 تک شینر ہولڈنگ کا پیٹرن منسلک ہے۔ کی جانب سے بورڈ آف ڈائریکٹرز

سہیل احمد
چیف ایگزیکٹو

کراچی 14 نومبر 2022

فرحان سہیل
ڈائریکٹر



VISION STATEMENT

To be nationally & internationally recognized as trendsetter of polyester filament yarn. Producing and introducing new varieties of highly value added Products to our customers both in Pakistan & abroad.

MISSION STATEMENT

Our mission is to exceed the expectations of our customers in producing highest quality product.

With determination of greater returns to shareholders and good opportunities to employees. To make the company a high flyer of all times.

CORPORATE OBJECTIVES & DEVELOPMENT STRATEGY

From the beginning we have been producing exceptionally high quality products. Every time we introduced new varieties in the market which was followed by others later on.

Alhamdolillah we become the only exporter of polyester filament yarn from Pakistan. We wish to strive continuously to achieve higher levels of excellence by employing most Modern manufacturing technology Operational & Financial Management. To extend our maximum contribution to our beloved Country in almost all possible Fields specially to National exchequer.

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICE ON TRANSFER PRICING

The Company has fully complied with the best practice on Transfer Pricing as contained in the regulation No. 38 of the Karachi Stock Exchange (G) Limited.

On behalf of the Board of Directors

Sohail Ahmed
(Chief Executive)



Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

For the year ended June 30, 2022

This statement is being presented to comply with the Listed Companies (Code of Corporate Governance) Regulations 2019 (CCG / Regulations) for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

SG Allied Businesses Limited ("the company") has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 7 (Seven) as per the following:

- a. Male : 3
- b. Female : 4

2. The composition of the Board is as follows:

Category	Names
Independent Director	-
Executive Director	Mr. Sohail Ahmed
	Mr. Farhan Sohail
	Mr. Asim Ahmed
Non-Executive Director	Ms. Ghazala Salim
	Ms. Saba Sohail
	Ms. Sana Sohail
Female Directors	Ms. Bina Sohail
	Ms. Ghazala Salim
	Ms. Saba Sohail
	Ms. Sana Sohail
	Ms. Bina Sohail

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;

4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;



8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. No Director's Training Program were held during the year.

10. The Board has approved appointment of chief financial officer and company secretary, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below:

a) Audit Committee

Ms. Ghazala Salim	Chairman
Ms. Saba Sohail	Member
Ms. Sana Sohail	Member

b) HR and Remuneration Committee

Mr. Asim Ahmed	Chairman
Ms. Ghazala Salim	Member
Ms. Saba Sohail	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

a) Audit Committee;	4 Quarterly Meetings
b) HR and Remuneration Committee;	2 Half Yearly Meetings

15. The board is in the process of setting up an effective internal audit function, as the operations of the company are being revived;

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;



18. We confirm that all requirements of regulations 3, 7, 32, 33 and 36 of the Regulations have been complied with.

19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

Reg.	Explanation
9	A director acting as both CEO and Chairman of the Board of Directors because elected for the position of Chairman was not held by the company.....
24	Same person holds office of chief financial officer and the company secretary of the company as the company is not operating sufficiently yet and the company believes that there is no need of separate person for both positions.
28	Since there are no independent directors in the company, consequently the human resource and remuneration committee does not have at least one independent director as a member. Furthermore, the Chairman of the committee is not an independent director.
31	The board is in the process of setting up an effective internal audit function, as the operations of the company are being revived.

Chief Executive
&
Chairman



INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SG ALLIED BUSINESSES LIMITED

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **SG Allied Businesses Limited** (the Company) for the year ended June 30, 2022 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Director's statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Note reference Description

- | | |
|----|---|
| 2 | The Company does not have any independent directors. |
| 2 | The executive directors are more than one third of the Board. |
| 12 | Since there are no independent directors in the company as stated above, the audit committee does not have at least one independent director, consequently, the Chairman of the audit committee is also not an independent director. Furthermore, no member of the committee falls under the definition of 'financial literate' under regulation 27 of the Regulations. |

Based on our review, except for the above instances of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the Regulations as applicable to the Company for the year ended June 30, 2022.

Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the note/paragraph reference where these are stated in the Statement of Compliance:

Reg.	Explanation
9	A director acting as both CEO and Chairman of the Board of Directors because elected for the position of Chairman was not held by the company.
24	Same person holds office of chief financial officer and the company secretary of the company as the company is not operating sufficiently yet and the company believes that there is no need of separate person for both positions.
28	Since there are no independent directors in the company, consequently the human resource and remuneration committee does not have at least one independent director as a member. Furthermore, the Chairman of the committee is not an independent director.
31	The board is in the process of setting up an effective internal audit function, as the operations of the company are being revived.

Muniff Ziauddin & Company
Chartered Accountants
Karachi

November 14, 2022
UDIN: CR202210153VFcnd4MY



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SG ALLIED BUSINESSES LIMITED

Report on the Audit of Financial Statements

Qualified Opinion

We have audited the annexed financial statements of **SG ALLIED BUSINESSES LIMITED** (the Company), which comprise the statement of financial position as at **30 June 2022**, and statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that except for the matters as stated in (1) (2) and (3) in the basis for Qualified Opinion paragraph, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, except for the matters described in the Basis for Qualified Opinion section of our report, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2022 and of the loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

1. The Company has not complied with the requirements of IAS 41 – Agriculture in relation to the biological assets held by the Company.
2. The Company has not complied with the disclosure requirements of IFRS 8 – Operating Segments for disclosing each reportable segment separately.
3. As disclosed in note 6.2 to the financial statements, the fair value estimate and forced sale value of Investment Property is not up-to-date in contravention to the requirement of IAS 40 and Companies Act, 2017 respectively.

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material Uncertainty relating to Going Concern

Without qualifying our opinion, we draw attention to note 1.2 in the financial statements, which indicates that the accumulated loss of the Company has reached to Rs. 770.515 million as at June 30, 2022. Moreover, the reported current liabilities have exceeded from current assets of the Company by Rs. 206.651 million. These conditions indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described on the Basis for Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	How our audit addressed the Key Audit Matters
<p>1.Contingencies</p> <p>The Company is subject to material litigations involving different courts pertaining to taxation and other matters, which requires management to make assessment and judgements with respect to likelihood and impact of such litigations. Management have engaged independent legal counsel on these matters.</p> <p>The accounting for, and disclosure of, contingencies is complex and is a matter of most significance in our audit because of the judgements required to determine the level of certainty on these matters.</p> <p>The details of contingencies along with management's assessment and the related provisions are disclosed in note 20 to the financial statements.</p>	<p>In response to this matter, our audit procedures included:</p> <p>Discussing legal cases with the legal department to understand the management's view point and obtaining and reviewing the litigation documents in order to assess the facts and circumstances.</p> <p>Obtaining independent opinion of legal advisors dealing with such cases in the form confirmations. We also evaluated the legal cases in line with the requirements of IAS 37: Provisions, contingent liabilities and contingent assets.</p> <p>The disclosures of legal exposures and provisions were assessed for completeness and accuracy.</p>

Information other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include in the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud and error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) except for the matters (1) (2) and (3) as disclosed in Basis of Qualified Opinion paragraph, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Muhammad Moin Khan.

Muniff Ziauddin & Company
Chartered Accountants
Karachi

Date: November 14, 2022

UDIN: AR202210153hUL6Aymzw



SG ALLIED BUSINESSES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	NOTE	2022 RUPEES	2021 RUPEES
NON-CURRENT ASSETS			
Property and equipment	5	1,143,607,253	1,069,068,422
Investment property	6	68,580,217	69,979,813
Long term deposits	7	95,714	95,714
		<u>1,212,283,184</u>	<u>1,139,143,949</u>
CURRENT ASSETS			
Inventory	8	1,225,305	2,695,011
Loans, advances, prepayments and other receivables	9	7,202,834	9,348,745
Cash and bank balances	10	13,091,286	15,377,553
		<u>21,519,425</u>	<u>27,421,309</u>
		<u>1,233,802,609</u>	<u>1,166,565,258</u>
SHARE CAPITAL AND RESERVES			
Authorized share capital 15,000,000 ordinary shares of Rs. 10 each		<u>150,000,000</u>	<u>150,000,000</u>
Issued, subscribed and paid-up capital	11	150,000,000	150,000,000
Share premium		337,400,000	337,400,000
		<u>487,400,000</u>	<u>487,400,000</u>
Capital Reserves			
Surplus on revaluation of fixed assets	12	964,497,676	969,970,459
Revenue Reserves			
Accumulated loss		(770,515,235)	(766,580,680)
		<u>681,382,441</u>	<u>690,789,779</u>
Loan from directors	13	261,574,406	173,724,406
NON-CURRENT LIABILITIES			
Deferred liabilities	14	62,675,466	69,335,872
Loan from directors	15	-	-
		<u>62,675,466</u>	<u>69,335,872</u>
CURRENT LIABILITIES			
Creditors, accrued and other liabilities	16	125,779,737	120,233,772
Interest on short term and long term loan	17	20,617,394	20,617,394
Loan from associated undertaking	18	71,422,097	71,422,097
Loan from directors - Current	19	9,500,000	9,500,000
Provision for taxation		851,069	10,941,937
		<u>228,170,296</u>	<u>232,715,200</u>
CONTINGENCIES AND COMMITMENTS			
	20	<u>1,233,802,609</u>	<u>1,166,565,258</u>

The annexed notes form an integral part of these financial statements.

Chief Executive

Director

Chief Financial Officer



SG ALLIED BUSINESSES LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022

	NOTE	2022 RUPEES	2021 RUPEES
Sales	21	14,247,055	16,902,796
Cost of sales	22	(9,854,338)	(3,407,311)
Gross profit		4,392,717	13,495,485
Administrative and selling expenses	23	(68,066,440)	(64,233,920)
Operating loss		(63,673,723)	(50,738,435)
Other income	24	53,838,429	49,794,353
		(9,835,294)	(944,082)
Financial charges	25	(107,222)	(36,370)
Loss before taxation		(9,942,517)	(980,452)
Taxation	26	(851,069)	(10,941,937)
Loss after taxation		(10,793,585)	(11,922,389)
Other comprehensive income			
Items that will not be subsequently reclassified in profit or loss (net of tax)			
Remeasurement of staff retirement benefits-net of tax		1,386,247	15,286
Total comprehensive loss		(9,407,339)	(11,907,103)
Loss per share - basic and diluted	27	(0.72)	(0.79)

The annexed notes form an integral part of these financial statements.

Chief Executive

Director

Chief Financial Officer



SG ALLIED BUSINESSES LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	2022 RUPEES	2021 RUPEES
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(9,942,517)	(980,852)
Adjustment for:		
-Depreciation	8,907,326	9,357,285
-Gratuity expense	2,849,132	1,835,333
-Finance charges	107,222	36,370
	<u>11,863,680</u>	<u>11,228,988</u>
CASH FLOW FROM OPERATING ACTIVITIES - BEFORE WORKING CAPITAL CHANGES	<u>1,921,164</u>	<u>10,248,536</u>
(Increase) / decrease in current assets		
Inventory	1,469,706	(2,695,011)
Account receivables	-	-
Loans, advances, prepayments and other receivables	1,454,393	2,820,131
	<u>4,845,262</u>	<u>10,373,656</u>
Increase / (decrease) in current liabilities		
Creditors, accrued and other liabilities	5,539,721	16,903,459
Finance charges paid	(107,222)	(36,370)
Tax paid	(12,629,039)	(11,820,543)
Repaid deferred liability of KE	(5,738,428)	
Gratuity paid	-	(195,059)
Net cash generated from operating activities	<u>(8,089,706)</u>	<u>15,225,144</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Addition in property, plant and equipment	-	(189,246)
Addition in capital work in progress	(82,046,561)	(23,717,152)
Net cash used in investing activities	<u>(82,046,561)</u>	<u>(23,906,398)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Loans received from directors	91,700,000	30,545,000
Loans repaid to directors	(3,850,000)	(22,419,667)
Net cash generated from financing activities	<u>87,850,000</u>	<u>8,125,333</u>
Net decrease in cash and cash equivalent	<u>(2,286,267)</u>	<u>(555,922)</u>
Cash and cash equivalent at the beginning of the year	<u>15,377,553</u>	<u>15,933,475</u>
Cash and cash equivalent at the end of the year	<u>13,091,286</u>	<u>15,377,553</u>

The annexed notes form an integral part of these financial statements.

Chief Executive

Director

Chief Financial Officer



SG ALLIED BUSINESSES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2022

	Share Capital and Share Premium		Capital Reserve	Revenue Reserve	
	Issued, subscribed and paid-up capital	Share premium	Revaluation Surplus	Accumulated loss	Total
Balance as at July 1, 2020	150,000,000	337,400,000	974,155,447	(758,873,850)	702,681,597
Total comprehensive income for the year ended June 30, 2021					
Profit for the year	-	-	-	(11,907,103)	(11,907,103)
Other comprehensive income (net of tax)	-	-	-	15,286	15,286
Total comprehensive income for the year	-	-	-	(11,891,818)	(11,891,818)
Transferred on account of incremental depreciation-net of tax	-	-	(4,184,988)	4,184,988	-
Balance as at June 30, 2021	150,000,000	337,400,000	969,970,459	(766,580,680)	690,789,779
Total comprehensive income for the year ended June 30, 2022					
Profit for the year	-	-	-	(10,793,585)	(10,793,585)
Other comprehensive income (net of tax)	-	-	-	1,386,247	1,386,247
Total comprehensive income for the year	-	-	-	(9,407,339)	(9,407,339)
Transferred on account of incremental depreciation-net of tax	-	-	(5,472,783)	5,472,783	-
Balance as at June 30, 2022	150,000,000	337,400,000	964,497,676	(770,515,235)	681,382,441

The annexed notes form an integral part of these financial statements.

Chief Executive

Director

Chief Financial Officer



SG ALLIED BUSINESSES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1. LEGAL STATUS AND OPERATIONS

- 1.1 S.G Allied Businesses Limited (the company) is a public limited company incorporated in the year 1957 under the repealed Companies Act, 1913 (repealed with the enactment of the Companies Ordinance, 1984, and thereafter, with the enactment of the Companies Act, 2017). The shares of the company are listed on Pakistan Stock Exchange Limited.

The principal activities of the company are warehouse, cold Storage and vertical Farming.

Geographical location and addresses of major business units including mills/plants of the Company are as under:

Karachi	Purpose
B-40, S.I.T.E., Karachi. □	The registered office and rental purpose for cold storage and vertical farming.

- 1.2 The accumulated loss of the Company has reached to Rs. 770.515 million as at June 30, 2022 (2021: 766.580 million). Moreover, the reported current liabilities have exceeded to current assets of the Company by Rs. 206.651 million (2021: 205.293 million). These conditions indicate the existence of a material uncertainty that may cast significant doubt on Company's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. The company has diversified its line of businesses from the production of polyester filament yarn to other line of businesses, as the filament yarn industry is still in crises. Further, the management of the Company has taken initiatives for the revival of the Company and developed new diversified business strategy, henceforth, the Company has extended its business activities after getting itself restyled as SG Allied Businesses Limited on 24th August, 2017. Primarily, the Company started the activities of cold storage facility and dealing in various agriculture produces. Moreover, the Directors will provide the finance to the Company as and when needed.

2 Basis of Preparation

2.1 Statement of Compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for certain items as disclosed in the relevant accounting policies below.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees (Rs/Rupees), which is the functional currency of the Company. Amounts presented in the financial statements have been rounded off to the nearest of Rs./Rupees, unless otherwise stated.

2.4 Key judgements and estimates

The preparation of financial statements in confirmation with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition it require management to exercise judgement in the process of applying the company's accounting policies. The area involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes and related primarily to;

- Useful lives, residual values and depreciation method of Property, plant and equipment (refer note 4.1 & 5)
- Useful lives, residual values and depreciation method of investment property (refer note 4.2 & 6)
- Impairment loss of non financial assets other than stock in trade (refer note 4.7)
- Fair value of investment property (refer note 4.2 & 6)
- Fair value of biological assets (refer note 4.4)
- Provision for expected credit loss (refer note 4.8.1.3)
- Obligation of defined benefit obligation (refer note 4.13 & 15.1)
- Estimation of provisions (refer note 4.19)
- Estimation of contingent liabilities (refer note 4.17 and 20)
- Current income tax expense, provision for current tax recognition of deferred tax (refer note 4.12 & 26)

3 NEW STANDARDS, AMENDMENTS TO APPROVED ACCOUNTING STANDARDS AND NEW INTERPRETATIONS

There were certain amendments to accounting and reporting standards which became effective for the Company for the current year. However, these are considered not to be relevant or to have any significant impact on the Company's financial reporting and, therefore, have not been disclosed in these financial statements.

3.1 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

There is a standard and certain other amendments to accounting and reporting standards that are not yet effective and are considered either not to be relevant or to have any significant impact on the Company's financial statements and operations and, therefore, have not been disclosed in these financial statements.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been consistently applied to all years presented in these financial statements, except in changes as indicated below.

4.1 Property and equipment

- a) Items of property and equipment, other than freehold land, buildings on freehold land and capital work-in-progress, are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount whereas buildings on freehold land, are stated at revalued amounts less accumulated depreciation and any identified impairment loss. Borrowing costs are also capitalized for the period up to the date of commencement of commercial production of the respective plant & machinery, acquired out of the proceeds of such borrowings.

Any revaluation increase arising on the revaluation of land, buildings is recognised in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of land, buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on property and equipment relating to a previous revaluation of that asset. The revaluation reserve is not available for distribution to the Company's shareholders. The surplus on revaluation of land and buildings to the extent of incremental depreciation charged (net of deferred tax) is transferred to inappropriate profit.



- b) Depreciation is charged to income applying diminishing balance method at the rates specified in note 6.
- c) Depreciation is charged on assets from the month of purchase or from the month of commercial production for additions in respect of additions made during the year while proportionate depreciation is charged on assets disposed off during the year till the month of disposal.
- d) Major renewals and replacement are capitalized.
- e) An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on derecognition of an item of property plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the assets and as recognised on as other income in the statement of profit or loss. In the case of derecognition of a revalued property, the attributable revaluation surplus remaining on the surplus on revaluation is transferred directly to the unappropriated profit.

Judgements and estimates

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis.

Impairment

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Capital work-in-progress

Capital work-in-progress is stated at cost less impairment loss (if any).

4.2 Investment property

Investment property which is property held to earn rentals is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and any impairment loss.

Judgement and estimates

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis. Further, determining adjustments for any differences in nature, location and condition of the investment property involves significant judgement.

4.3 Biological assets

Biological assets are measured at fair value less cost to sell. Fair value is determined by an independent valuer on the basis of best available estimate for biological assets of similar attributes. Gain or loss arising from changes in the fair value less cost to sell of biological assets are recognised on the statement of profit or loss.

Biological assets are measured at fair value less cost to sell. Fair value is determined by an independent valuer on the basis of best available estimate for biological assets of similar attributes. Gain or loss arising from changes in the fair value less cost to sell of biological assets are recognised on the statement of profit or loss.

4.4 Trade and other receivables

Trade debts and other receivables represents the company's right to an amount of consideration (i.e, only the passage of time is required before payment of the consideration is due)

4.5 Cash and cash equivalent

Cash and cash equivalents on the statement of financial position comprises cash at banks and on hand. For cash flow statement, cash and cash equivalents comprise cash on hand and deposit held with banks.



4.6 Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non financial assets (other than investment property, biological assets, stock in trade and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The increase in the carrying amounts shall be treated as reversals of impairment losses for individual assets and recognized in profit or loss unless the asset is measured at revalued amount. Any reversal of impairment loss of a revalued asset shall be treated as a revaluation increase.

4.7 Financial instruments

4.7.1 Financial assets

The Company classifies its financial assets at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

4.7.1.1 Financial assets at amortised cost

Financial assets at amortised cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on de-recognition are recognised directly in profit or loss.

4.7.1.2 Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



4.7.1.3 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

Financial assets are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently premeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

Equity instrument financial assets / mutual funds are measured at fair value at and subsequent to initial recognition. Changes in fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the de-recognition of the investment.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade debtors, the Company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

4.7.2 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised costs are initially measured at fair value minus transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit or loss.

4.8 Off setting of financial assets and liabilities

Financial assets and liabilities are off-set and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.9 Trade and other payables

Liabilities for trade and other payables are recognized initially at their fair value and subsequently measured at amortized cost using effective interest method.

4.10 Compensated absences

The company accounts for these benefits in the period in which the absences are earned.

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4.11 Share capital

Share capital is classified as equity and recognized at the face value. Incremental costs net of tax and directly attributable to the issue of new shares are shown as a deduction in equity

4.12 Taxation

Current

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses and credits only if it is probable that future taxable amounts will be available to utilise those temporary differences and unused tax losses and credits.

Judgements and estimate

Significant judgment is required on determining the income tax expenses and provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain as these matters are being contested at various forums. The Company recognizes liabilities for the anticipated tax issues based on estimates on whether additional taxes will be due. Where the final tax outcome of these matters is different from the amount that are initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

Further, the carrying amount of the deferred tax asset is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profit. If required, carrying amount of the deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profit to allow the benefit of part of all that recognized deferred tax assets to be utilized. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Off-setting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.13 Staff retirement benefits

Defined benefit plan

The Company operates an unfunded gratuity scheme covering all eligible employees. A defined benefit plan is a plan that is not a defined contribution plan. The liability recognized in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligations at the end of the reporting period. The defined benefit obligations are calculated annually by independent actuary using the projected unit credit method.

The present value of the defined benefit obligations are determined by discounting the estimated future cash outflows. These are denominated in the currency in which the benefits will be paid. Remeasurement gain/losses are recognised in other comprehensive income



Judgements and estimates

In determining the liability for long-service payments management must make an estimate of salary increases over the following years, discounts rate to use in the present value calculation and the number of employees expected to leave before they receive the benefits

4.14 Revenue recognition

Revenue from contracts with customers is recognised at the point in time when performance obligation is satisfied i.e. control of the goods is transferred to the customers at an amount that reflects the consideration to which the Company expects to be entitled to on exchange of those goods.

- a) Sale of agricultural products is recognized when controls of goods are transferred to the customer and invoice is generated.
- b) Service income on cold storage and ware house is recognized on accrual basis.
- c) Other income comprises of rental income and the same is recognized on accrual basis.

4.15 Foreign exchange translation

Transactions in foreign currencies are accounted for in Pakistani Rupees at the foreign exchange rates prevailing on the date of transactions. Monetary assets and liabilities in foreign currencies, except for those covered under forward foreign exchange contracts, if any, are retranslated into Pak Rupees at the foreign exchange rates approximately those prevailing at the reporting date. Forward foreign exchange contracts, if any, are translated at contracted rates exchange differences, if any, are charged on statement of profit or loss.

4.16 Borrowing cost

Borrowing costs are recognized as an expense on the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing cost, if any, are capitalized as part of the cost of the asset.

4.17 Contingent liabilities

Contingent liability is disclosed when:

- 4.17.1 There is possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company' or
- 4.17.2 There is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

4.18 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as liability on the period in which the dividends are approved by the company's shareholders.

4.19 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amount of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognized provision is recognized in the statement of profit or loss unless the provision was originally recognized as part of the cost of an asset.

4.20 Segment reporting

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relates to transactions with any of the company's other components. The company has only four reportable segments



4.21 Basic and diluted earnings per share

The company presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

4.22 Share Capital

Share capital is classified as equity and recognized at the face value. Incremental costs net of tax and directly attributable to the issue of new shares are shown as a deduction in equity.

PROPERTY AND EQUIPMENT

Operating fixed assets
Capital work in progress

	2022	2021
Operating fixed assets	1,037,843,540	1,045,351,270
Capital work in progress	105,763,713	21,717,152
	1,143,607,253	1,069,068,422

5.1 Statement of operating fixed assets-2022

Particulars	Cost				Rate %	Depreciation		Written down value	
	As on July 01, 2021	Addition/ Transfer/ (disposal)	Transferred to Investment property	Revaluation Surplus / (Deficit)		As at June 30, 2022	For the Year / (adjustment for disposal)	Transferred to Investment property	As at June 30, 2022
Owned assets:	Rupees								
Leasehold land	899,200,000	-	-	-	-	-	-	-	899,200,000
Building on leasehold land	262,277,924	-	-	-	5,896,412	-	-	130,208,105	112,069,819
Cold storage	21,151,892	-	-	-	954,477	-	-	3,016,793	18,135,099
Vertical farm	5,714,637	-	-	-	597,177	-	-	815,690	4,899,597
Plant and machinery	715,112	-	-	-	523,388	-	-	592,974	182,138
Factory equipment	10,270,720	-	-	-	9,131,403	-	-	9,245,335	1,025,385
Office equipment	19,393,604	-	-	-	17,513,126	-	-	17,701,174	1,692,430
Motor vehicles	13,035,155	-	-	-	12,905,642	-	-	12,911,545	103,610
Furniture and fixtures	3,107,164	-	-	-	2,801,432	-	-	2,811,996	275,168
Trolleys and fork lifters	4,242,562	-	-	-	4,010,768	-	-	4,033,947	208,615
OTIS lifts	1,196,982	-	-	-	1,139,519	-	-	1,143,258	53,717
Total owned assets	1,240,305,712	-	-	-	194,954,444	-	7,507,730	202,462,174	1,037,843,540

5.2 Particulars of immovable property (i.e. land and building) in the name of the Company are as follows:

Particulars	Location	Usage of Immovable Property	Total Area (Square feet)	
			Area	Percentage
a) Lease hold	B-40, SITE, Karachi	Rental purpose	4,669 acres	-
b) Building	B-40, SITE, Karachi	Rental purpose	4,669 acres	-

5.3 During the year ended June 30, 2017, the Company transferred a portion of building to the investment property as 48.35% of the total space which has been leased out on rent.

5.4 Forced sale value of revalued land and building

Asset class	Forced sale value
Lease hold land	719,560,000
Building	109,570,074
Total	829,930,074

5.5 The revaluation of land and building were performed by Messrs. Amr Evaluators & Consultants who are independent, value not related to the company. M/S Amr Evaluators & Consultants have appropriate qualifications and experience in the fair value of properties in the relevant locations. The revaluation of land was determined based on market comparable approach that reflects recent transaction prices of similar properties. The revaluation of building was determined on the estimated gross replacement cost, depreciated to reflect the residual service potential of the assets taking account of the age, condition and obsolescence. The fair value of assets subject to revaluation would fall under level 2 of fair value hierarchy.

5.6 Depreciation charge for the year has been allocated as follows:

	2022	2021
Cost of sales	1,126,160	1,276,138
Administrative and selling expenses	6,881,571	6,652,807
	7,907,730	7,932,125



5.7 Capital work in progress

	2022		
	Operating Balance	Capital expenditure incurred during the year	Transferred to operating Fixed assets
CWIP - Cold storage	182,882	-	3,889,198
CWIP - Vertical farm	23,534,270	-	78,100,363
	23,717,152	-	82,046,561
			1,009,080
			101,094,633
			105,763,713

5.8 Had there been no revaluation the related figures of leasehold land and buildings would have been as mentioned in note 12.2

Particulars	Cost				Rate %	Depreciation				Written-down value
	As on July 01, 2020	Addition / Transfer / (deposit)	Transferred to Investment property	Revaluation Surplus / (Deficit)		As at June 30, 2021	For the year / (adjustment for disposal)	Transferred to Investment property	As at June 30, 2021	
Overed assets:										
Leasehold land	899,200,000	-	-	-	-	-	-	-	-	899,200,000
Building on leasehold land	262,277,924	-	-	-	5%	138,100,819	6,208,854	144,309,673	117,968,251	19,089,546
Cold storage	21,151,852	-	-	-	5%	1,057,593	1,004,713	2,062,306	5,157,460	5,157,460
Vertical farm	5,714,637	-	-	-	5%	285,732	271,445	557,177	191,724	191,724
Plant and machinery	715,112	-	-	-	5%	513,297	10,091	523,388	1,139,317	1,139,317
Factory equipment	10,270,720	-	-	-	10%	9,004,812	126,591	9,131,403	1,890,478	1,890,478
Office equipment	19,297,604	96,000	-	-	10%	17,304,184	208,942	17,513,126	12,905,642	12,905,642
Motor vehicles	13,003,155	-	-	-	20%	12,873,264	32,378	12,905,642	305,742	305,742
Furniture and fixtures	3,013,918	93,246	-	-	10%	2,767,451	33,971	2,801,422	231,794	231,794
Trolleys and fork lifters	4,242,562	-	-	-	10%	3,985,013	25,755	4,010,768	57,463	57,463
OTIS lifts	1,196,982	-	-	-	10%	1,133,134	6,385	1,139,519	-	-
Total owned assets	1,240,116,466	189,246	-	-		1,187,025,319	7,929,125	1,194,954,444	1,045,351,270	-



	2022 RUPEES	2021 RUPEES
6 INVESTMENT PROPERTY		
Cost	194,310,081	194,310,081
Less: Accumulated depreciation and impairment	<u>(124,330,268)</u>	<u>(122,902,109)</u>
Carrying amount as at 1 July	69,979,813	71,407,972
Additions through new purchases	-	-
Depreciation charge for the year	(1,399,596)	(1,428,159)
Transfer (to)/ from property, plant and equipment	-	-
Carrying amount as at 30 June	<u>68,580,217</u>	<u>69,979,813</u>
Rate of depreciation (%)	<u>2%</u>	<u>2%</u>
6.1 Reconciliation of carrying amount		
COST		
As on 1 July	194,310,081	194,310,081
Reclassification from property, plant and equipment	-	-
As at 30 June	<u>194,310,081</u>	<u>194,310,081</u>
DEPRECIATION		
As on 1 July	124,330,268	122,902,109
Reclassification from property, plant and equipment	-	-
For the year	1,399,596	1,428,159
	-	-
As at 30 June	<u>125,729,864</u>	<u>124,330,268</u>
Written down value as at June 30	<u>68,580,217</u>	<u>69,979,813</u>
Rate of depreciation	<u>2%</u>	<u>2%</u>
6.2 This represents building owned by the company. The fair value of the investment property is Rs. 125.729 million. Forced sale value of the investment property assessed at Rs. 97.89 million.		
7 LONG TERM DEPOSITS		
Security deposits	<u>95,714</u>	<u>95,714</u>
8 INVENTORY		
Vertical farm	402,722	672,430
Packing material	822,583	2,022,581
	<u>1,225,305</u>	<u>2,695,011</u>



	NOTE	2022 RUPEES	2021 RUPEES
9 LOANS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Loans and advances			
Advance to Staff		300,000	630,000
Advance income tax		5,681,134	5,420,864
Account receivables-cold storage		-	1,108,847
Account receivables-ware house		-	967,334
Income tax refundable		9,903,094	9,903,094
Less: provision against income tax refundable		(9,903,094)	(9,903,094)
		<u>5,981,134</u>	<u>8,127,045</u>
Prepayments and other receivables			
Letter of guarantee		150,000	150,000
Sales tax claims receivable		21,070,506	21,070,506
Less: Provision against sales tax claims receivable		(21,070,506)	(21,070,506)
		<u>150,000</u>	<u>150,000</u>
Others	9.1 & 9.2		
Less: Provision for irrecoverable rent		9,571,471	9,571,471
Less: Provision for doubtful debts		(8,496,312)	(8,496,312)
		(3,459)	(3,459)
		<u>1,071,700</u>	<u>1,071,700</u>
		<u>7,202,834</u>	<u>9,348,745</u>
9.1	This includes receivables from S.G. Power Limited on account of rent and utilities amounting to Rs 8.550 million. However as disclosed in note 16 ,17 and 18 a sum of Rs.156.61 million is payable to S.G Power Limited.		
9.2	Ageing analysis of receivables from S.G Power Limited (associated company)		
Past due less than one year		-	-
Past due over one year		8,550,000	8,550,000
10 CASH AND BANK BALANCES			
Cash on hand		8,185	254,155
Cash with banks - current account		13,083,101	15,123,398
		<u>13,091,286</u>	<u>15,377,553</u>
11 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
5,200,000 Ordinary shares of Rs. 10 each fully paid in cash		52,000,000	52,000,000
5,415,610 Ordinary shares of Rs. 10 each as fully paid bonus shares		54,156,100	54,156,100
2,384,390 Ordinary shares of Rs. 10 each as fully paid right shares		23,843,900	23,843,900
2,000,000 Ordinary shares of Rs. 10 each fully paid in cash (foreign placement)		20,000,000	20,000,000
		<u>150,000,000</u>	<u>150,000,000</u>



11.1 Shares held by the related parties of the Company

Name of the shareholders	2022 Number of shares	2022 Percentage holding	2021 Number of shares	2021 Percentage holding
Directors, CEO, & their spouse				
Mst. Zubaida Khatoon	2,614,000	17.43%	2,614,000	17.43%
Mr. Sohail Ahmed	2,614,000	17.43%	2,614,000	17.43%
Mr. Asim Ahmed	2,614,000	17.43%	2,614,000	17.43%
Mst. Ghazala Ahmed	1,306,850	8.71%	1,306,850	8.71%
Mrs. Tania Asim	500	0.003%	500	0.003%

	NOTE	2022 RUPEES	2021 RUPEES
12 SURPLUS ON REVALUATION OF FIXED ASSET			
Revaluation surplus on remeasurement of staff retirement benefits		1,386,247	15,286
Revaluation surplus on property plant and equipment	13.1	964,497,675	969,970,459
		<u>965,883,922</u>	<u>969,985,744</u>

12.1 Revaluation surplus on property plant and equipment

Balance at the beginning of the year		1,025,382,492	1,031,276,841
Surplus arisen on revaluation carried out during the year:		-	-
		<u>1,025,382,492</u>	<u>1,031,276,841</u>
Less: Transferred to unappropriated profit on account of:			
- incremental depreciation for the year		(7,708,146)	(5,894,349)
		<u>1,017,674,346</u>	<u>1,025,382,492</u>
Related deferred tax of:			
-balance at beginning of the year		55,412,033	57,121,395
-surplus arising during the year		-	-
-incremental depreciation for the year		(2,235,362)	(1,709,361)
		<u>53,176,671</u>	<u>55,412,033</u>
Balance at end of the year		<u>964,497,675</u>	<u>969,970,459</u>

- 12.2 During the financial year ended June 30, 2020 the Company revalued its leasehold land and buildings on leasehold land to replace the carrying amounts of these assets with their market values / depreciated market values. The revaluation was carried-out on June 30, 2020 by an independent qualified valuers namely M/s. Amir Evaluators & Consultants. The appraisal surplus arisen on these revaluations aggregates to Rs. 587.156 million.

Previously, the revaluation of its leasehold land and buildings on leasehold land was carried out on June 26, 2015 by the same valuers namely M/s. Amir Evaluators & Consultants. The appraisal surplus arisen on these revaluations aggregates to Rs. 533.242 million.

- 12.3 The surplus on revaluation of fixed assets is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

- 12.4 Had there been no revaluation the related figures of leasehold land and buildings would have been as follows:

	2022			2021		
	Cost	Accumulated depreciation	Book value	Cost	Accumulated depreciation	Book value
Leasehold land	64,893,485	-	64,893,485	64,893,485	-	64,893,485
Building on leasehold land	88,657,361	83,562,383	5,094,978	88,657,361	82,681,769	5,975,592
	<u>153,550,846</u>	<u>83,562,383</u>	<u>69,988,463</u>	<u>153,550,846</u>	<u>82,681,769</u>	<u>70,869,077</u>



	NOTE	2022 RUPEES	2021 RUPEES
13 LOAN FROM DIRECTORS			
Opening balance		173,724,406	-
Add: Transfer of loan from liability portion		-	153,619,198
Add: Loan received during the year		91,700,000	20,105,208
Less: Loan repaid during the year		-	3,850,000
		<u>261,574,406</u>	<u>173,724,406</u>
13.1 This represents interest free loan from sponsoring directors and the same is repayable at the discretion of the company.			
14 DEFERRED LIABILITIES			
Staff retirement benefit-gratuity	14.1	7,686,092	6,789,420
Deferred Karachi Electric Supply Corporation bill	14.2	-	5,738,428
Deferred taxation	14.3	53,176,671	55,412,033
		<u>60,862,763</u>	<u>67,939,881</u>
14.1 Staff retirement benefit-gratuity			
14.1.1 Changes in present value of defined benefit obligation			
Present value at the beginning of the year		6,789,420	5,363,785
Current service cost		1,812,703	1,395,991
Past Service Cost		357,487	-
Interest cost on defined benefit obligation		678,942	439,342
Benefits paid		-	(195,059)
Remeasurements:			
Actuarial gain from changes in demographic assumptions		-	-
Actuarial gain from changes in financial assumptions		(52,423)	(21,529)
Experience adjustments		(1,900,037)	(193,110)
		-	-
Present value at the end of the year		<u>7,686,092</u>	<u>6,789,420</u>
14.1.2 The following amounts have been charged to statement of profit or loss during the year			
Current service cost		1,812,703	1,395,991
Past service cost		357,487	-
Interest cost on defined benefit obligation		678,942	439,342
		<u>2,849,132</u>	<u>1,835,333</u>
14.1.3 Charge for the year has been allocated as under:			
Administrative expenses		2,849,132	1,835,333
14.1.4 Total remeasurements chargeable in other comprehensive Income			
Actuarial gain from changes in financial assumptions		(1,952,460)	(214,639)
14.1.5 Principal actuarial assumptions			
Contribution to the staff retirement benefit gratuity for the year 2023:		2,460,609	2,849,132
The latest actuarial valuation for gratuity fund was carried out as at June 30, 2022 using the Projected Unit Credit Method (PUCM). The following significant assumptions used for the actuarial valuation:			
		June 30, 2022	June 30, 2021
Discount rate		13.25%	8.5%
Expected rate of increase in salary		10%	10%
Average retirement age of an employee		60	60
Mortality rates		SLIC 2001-2005 Set back 1 year	SLIC 2001-2005 Set back 1 year



14.1.6 Sensitivity analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected rate of salary increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

Impact on defined benefit obligation			
	Changes in assumption %	Increase in assumption	Decrease in assumption
		← Rupees →	
Discount rate	plus (+) 100 bps	7,187,638	
	minus (-) 100 bps	-	8,263,594
Salary increase	plus (+) 100 bps	8,241,737	
	minus (-) 100 bps	-	7,198,712

14.1.7 The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the staff retirement gratuity recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous method.

Historical information	2021	2020	2019	2018
	← Rupees →			
Present value of defined benefit	6,789,420	5,363,785	5,363,785	5,363,785
Experience adjustment on obligation	-	-	-	-

14.1.8 Maturity profile

Years	Rupees
2023	1,535,528
2024	858,662
2025	1,260,019
2026	765,037
2027	758,915
2028	1,061,156
2029	1,308,824
2030	751,586
2031	1,923,935
2032	1,357,363
2033 & onwards	88,419,751
Weighted average duration	7 years

14.2 This represents the difference between the expected liability of KESC bills to be finally settled and payment made by the Company for the period from Oct, 1988 to Nov, 1990 due to excess billing. The petition filed by the company was decided by the Electrical Inspector, Government of Sindh Karachi region allowing a relief of Rs.4,785,376 to the Company but decision has been appealed before the Secretary Irrigation and Power, Government of Sindh by both the parties. Judgment on appeal is still awaited and the company expects a further relief of Rs. 7,690,996.



	NOTE	2022 RUPEES	2021 RUPEES
14.3 Deferred Taxation			
Deferred tax liability arising on taxable temporary differences due to:			
Accelerated tax depreciation		(6,063,728)	(32,805,715)
Deferred tax liability attributable to Revaluation Surplus		53,176,671	55,412,033
		47,112,943	22,606,318
Deferred tax assets arising on deductible temporary differences due to:			
Loan, advances, prepayments and other receivable		(11,447,278)	(14,158,414)
Provision for gratuity		(2,228,967)	(1,968,932)
Unused tax losses		(70,290,867)	(38,641,606)
Deferred tax asset - net		<u>(36,854,169)</u>	<u>(32,162,634)</u>
14.3.1	The Company has not recognised deferred tax assets on prudence basis and have limited the recognition of assets to the amount of liability.		
15 LOAN FROM DIRECTORS			
Loan from Directors		-	154,993,866
loan received during the year		-	30,545,000
		-	185,538,866
Less: loan repaid during the year		-	(22,419,667)
Less: Loan from directors - current		-	(9,500,000)
Less: Transfer of loan to equity portion		-	(153,619,198)
		-	-
15.1	During the previous year, loan from directors was transferred to loan from directors equity component amounted to Rs 153.619 million after the change in term of repayment of loan i.e from over 15 years period to repayment at the discretion of the Company.		
16 CREDITORS, ACCRUED AND OTHER LIABILITIES			
Trade creditors		1,244,066	1,244,066
Earnest money		189,006	189,006
Security deposit payable		33,455,015	33,789,090
Electricity bill payable		5,908,214	-
Provision for sale tax liability	16.1	908,906	908,906
Others	16.2	9,537,172	9,565,346
		51,242,379	45,696,414
Due to associated undertaking	16.3	74,537,358	74,537,358
		<u>125,779,737</u>	<u>120,233,772</u>
16.1	This represent provision for sale tax liability on income from cold storage.		
16.2	This represents advance received from scrap buyers.		
16.3	These are unsecured and the late payment surcharge has been waived by the associated undertaking S.G. Power Limited.		
17 INTEREST ON SHORT TERM AND LONG TERM LOAN			
Financial charges on loan from directors		9,963,151	9,963,151
Accrued interest on long term loan payable to S.G.Power Limited		10,654,243	10,654,243
		<u>20,617,394</u>	<u>20,617,394</u>
17.1	Earlier the year ended 30 June 2019, the Board of Directors had decided in their meeting to charge the interest on outstanding balance of loan from directors from the beginning of the financial year. Therefore, an interest amounting to Rs. 9,963,151 was charged for three quarters. However, considering the financial position of the company, the directors forfeited the interest thereafter.		
18 LOAN FROM ASSOCIATED UNDERTAKING			
SG Power Limited		71,422,097	71,422,097
18.1	This represents loan from S.G Power Limited (the associated undertaking) which is repayable on demand.		
19 LOAN FROM DIRECTOR - CURRENT		9,500,000	9,500,000
19.1	It is interest free loan from director and repayable on demand.		



20. CONTINGENCIES AND COMMITMENTS

20.1 . Contingencies

S.N O.	WRIT PETITION	FORUM	ISSUE INVOLVED
1			Legal claim filed against the company from suppliers were not acknowledged as debts amounting to Rs.0.418million (2020:0.418million)
2	Suite no 10 of 2000 Suite no 1296 of 2003	Sindh High Court	<p>A dispute is persisting between the company and National Bank of Pakistan regarding the alleged "Buy Back Agreement" and declaration of dividend. Brief facts of the dispute are that underwriting of public floatation of the shares of the company was jointly undertaken by National Bank of Pakistan and Allied Bank of Pakistan. National Bank of Pakistan agreed to underwrite 3,851,200 shares of Rs 10 each at a premium of Rs. 48.50 per share. However the Bank insisted to impose a condition on the sponsors to enter into a "Buy Back Agreement" in respect of the share underwritten by them. Corporate Law Authority (Securities and Exchange Commission of Pakistan) desired with their letter dated September 18, 1995 to furnish an unqualified underwriting commitment without any "Buy Back Agreement" and the NBP vide its letter dated October 27, 1994 confirmed that this condition will be deleted. The Corporate Law Authority through its various letter emphasized for unconditional arrangement.</p> <p>National Bank of Pakistan vide its letter No. CCD: BE 096/48 dated March 01, 1995 confirmed that they have no objection to the publication of the prospectus of the company in the newspaper also mentioning in the said letter that Bank has not made any buy back agreement with the sponsors or any other person. The prospectus of the Company published in the newspaper also contained this fact that "their underwriter has not entered any buy back/ repurchase agreement with the sponsors or any other person". After public floatation, National Bank of Pakistan imposed the alleged condition of declaration of dividend at the rate of 15 to 16 percent and the undertaking from the sponsors to buy back the shares of the Company after 3 years within a period of one year was also obtained by the bank. The Company declared dividend for 1996,1997 and 1998 at 15 percent, 20 percent and 16 percent respectively. However, In this matter issues have been settled by the court and now the matter is at the stage of evidence of the parties. The management believes that, the company has a good arguable case and a decree is likely to be passed in its favor and as such there is no likelihood of unfavorable outcome or any potential loss on account of this litigation.</p> <p>Subsequent to filing of the above suit, National Bank of Pakistan also filed a Suit No. 1296 of 2003 in the High Court of Sindh against the company and the sponsors seeking enforcement of "Buy Back Agreement" and payment of resultant amount with profit at 18 percent per annum from the date of suit till the payment by the company and a direction that shares of the company be sold in the market and the net sale proceeds be applied towards the adjustment of the decretal amount. In this suit, National Bank of Pakistan before the high court of Sindh for recovery of Rs. 288,466,438 and sale of 3,754,900 shares in the market at the risk of the defendants. This matter has been settled by the court and now the matter is at the stage of evidence of the parties. The company has reasonable defence in the matter and in our view, a favourable outcome is expected and there is less likelihood of any potential loss being suffered by the company on account of the above litigation. However, final outcome would depend on conclusion of the evidence led by respective parties in support of their case and the sponsors are confident that they will succeed in their case in view of their sound legal position.</p> <p>Legal claims have been lodged by ex-employees of the company for recovery of their outstanding emoluments on account of their employment with the company under the Payment of Wages Act, West Division, Karachi u/s 15 of the PW Act, 1936.</p>
3	Special sales tax appeal No. 97 of 2004	Customs Appellate Tribunal, Bench, Karachi	<p>Two appeals bearing no. K-137/2008 and K-138/2008 both dated March 18, 2008 passed by the Collector of Sales Tax and Federal Excise (Appeals) Karachi is pending before the Customs Appellate Tribunal, Bench, Karachi.</p> <p>One appeal filed against the order of the Custom Appellate Tribunal before the High Court of Sind at Karachi for refund of sales tax along with additional tax that was deposited by the company under protest with Custom and Sales tax Appellate Tribunal. The matter is at the stage of hearing of cases. The management believes that, the company has a good arguable case and an there is no likelihood of unfavourable outcome of this litigation.</p>
4	Appeal under section 33	Appellate bench SECP Islamabad	Appeal u/s 33 of the SECP Act 1997, Directors-S.G. Allied Businesses Limited against the order dated March 19, 2021 of Additional Director, Adjudication Department-I, SECP, Islamabad, has been file before Appellate bench SECP and is pending adjudication. We are hopeful of favourable decision in favour of the company.

The management is of view that the aforesaid cases involve certain law points and there is every likelihood of having a favorable verdict in these matters.

20.2. Commitments

There are no commitments as at June 30, 2022 (2021: nil)



	NOTE	2022 RUPEES	2021 RUPEES
21 SALES			
Sale of agricultural products		8,555,899	10,660,310
Service income from cold storage		5,691,156	6,242,486
		<u>14,247,055</u>	<u>16,902,796</u>
22 COST OF SALES			
Electricity, gas, steam and water		1,568,533	2,001,867
Packaging		1,474,873	103,116
Nutrient		20,000	40,000
Pesticides and Chemical		146,570	7,500
Seeds		192,377	33,030
Soil		26,000	413,200
Testing		712,040	29,000
Fertilizers		29,400	132,370
Freight Charges - VF		99,820	43,500
Purchases agri products		269,708	
Depreciation expense		1,126,160	1,276,158
Cost of goods available for sale		5,665,480	4,079,741
Less: Ending inventory of vertical farming		(402,722)	(672,430)
		<u>5,262,758</u>	<u>3,407,311</u>
23 ADMINISTRATIVE AND SELLING EXPENSES			
Directors' remuneration and amenities		4,525,000	3,035,000
Salaries, allowances and benefits		26,193,629	21,524,733
Advertisement expense		153,832	118,261
Auditor's remuneration	23.1	790,000	743,000
Bad debts against irrecoverable from staff		300,000	-
Commission expense		1,131,487	1,074,500
Conveyance		242,928	118,073
Custom Duty		5,876,309	-
Depreciation expense - Investing property		1,399,596	1,428,159
Depreciation expense - Property, plant and equipment		6,381,571	6,652,967
Entertainment		90,401	50,000
Electricity expense		8,353,049	8,117,008
Fuel for generator		3,169,295	-
Generator fuel		832,097	-
Graduity expense		2,849,132	1,835,333
Insurance		319,385	-
Legal and professional		2,468,548	7,925,748
Printing & stationery		116,716	31,105
Property Tax		508,300	-
Repairs and maintenance		707,199	1,730,699
Rent, rates and taxes		35,000	810,000
Safety and security		304,360	133,589
Telephone and fax		240,458	184,049
Travelling expenses		70,698	204,704
Tax - Professional		150,000	987,173
Utilities		311,530	59,500
Water Charges		545,920	1,318,855
Sale tax expense		-	908,906
Provision for irrecoverable rent		-	4,896,312
Others		-	346,245
		<u>68,066,440</u>	<u>64,233,919</u>
23.1 Auditor's remuneration			
Audit fee		500,000	453,000
Out of pocket expenses		15,000	15,000
Tax consultancy services		175,000	175,000
Review fee		100,000	100,000
		<u>790,000</u>	<u>743,000</u>



	2022 RUPEES	2021 RUPEES	
24 OTHER INCOME			
Rental income	53,838,429	49,794,353	
	<u>53,838,429</u>	<u>49,794,353</u>	
25 FINANCIAL CHARGES			
Bank charges and commission	107,222	36,370	
	<u>107,222</u>	<u>36,370</u>	
26 TAXATION			
Current	851,069	10,941,937	
Deferred	-	-	
	<u>851,069</u>	<u>10,941,937</u>	
26.1 The Company computes tax based on the generally accepted interpretations of the tax laws to ensure that sufficient provision for the purpose of taxation is available which can be analysed as follows:			
	Provision for taxation	Tax assessed	Tax assessed
	----- (Rupees '000)		
2021	10,941,937	10,941,937	-
2020	7,426,712	7,427,589	(877)
2019	3,454,369	4,697,321	(1,242,952)
26.2 RECONCILIATION BETWEEN TAX EXPENSE AND ACCOUNTING LOSS			
Loss before taxation	(9,942,517)	(980,452)	
Tax at the applicable tax rate of 29 %	-	-	
Tax on rental income at the rate of 29 %	851,069	10,941,937	
Effect of prior year current and deferred tax charge	-	-	
	<u>851,069</u>	<u>10,941,937</u>	
26.3 Tax expense on items recognized in other comprehensive income			
Remeasurement gain on staff gratuity	1,952,460	21,529	
27 LOSS PER SHARE - BASIC AND DILUTED			
27.1 Loss per share - basic			
Loss after taxation	(10,793,585)	(11,907,103)	
Weighted average number of shares	15,000,000	15,000,000	
Loss per share	<u>(0.72)</u>	<u>(0.79)</u>	
27.2 There is no dilution effect on the basic loss per share of the company as there are no such commitments. (2021: Nil)			



28 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of the associated companies, key management personnel and retirement benefit funds. Detail of transactions / balances with related parties during the year other than those which have been disclosed elsewhere in these financial statements are as follows:

NAME OF RELATED PARTY	RELATIONSHIP WITH THE COMPANY	NATURE OF TRANSACTIONS	2022	2021
			RUPEES	RUPEES
S.G. Power Limited	Associated Company by virtue of common directorship	Purchase of electricity	8,317,868	9,018,898
S.G. Power Limited	Associated Company by virtue of common directorship	Electricity bills payment	8,317,868	13,442,983
Directors	Key management personnel	Directors' remuneration	4,525,000	3,035,000
Mrs.Zubaida Khatoon	Key management personnel	Loan repaid	-	688,389
Aliya Shahid	Key management personnel	Loan repaid	1,500,000	409,343
Asim Ahmed	Key management personnel	Loan repaid	-	727,677
Ghazala Saleem	Key management personnel	Loan repaid	1,650,000	1,460,034
Asim Ahmed	Key management personnel	Loan repaid	-	19,134,225
Asim Ahmed	Key management personnel	Loan received	-	30,545,000
Sohail Ahmed	Key management personnel	Loan repaid	700,000	-
Sohail Ahmed	Key management personnel	Loan received	91,700,000	0
BALANCES:				
Mrs.Zubaida Khatoon.	Key management personnel	Balance payable	49,890,714	49,890,714
Aliya Shahid	Key management personnel	Balance payable	20,763,817	22,263,817
Asim Ahmed	Key management personnel	Balance payable	41,287,253	41,287,253
Ghazala Saleem	Key management personnel	Balance payable	19,613,126	21,263,126
Sohail Ahmed	Key management personnel	Balance payable	139,519,496	48,519,496
S.G. Power Limited	Associated Company by virtue of common directorship	Balance payable	74,537,358	74,537,358
S.G. Power Limited	Associated Company by virtue of common directorship	Rent receivable	1,071,700	1,071,700

29 REMUNERATION OF DIRECTORS AND EXECUTIVES

	Chief Executive		Directors	
	2022	2021	2022	2021
Remuneration	2,400,000	1,800,000	2,125,000	1,235,000
House Rent	-	-	-	-
Retirement Benefits	-	-	-	-
Utilities	-	-	-	-
	2,400,000	1,800,000	2,125,000	1,235,000
	1	1	2	1



	2022 RUPEES	2021 RUPEES
30 FINANCIAL INSTRUMENTS BY CATEGORY		
<i>Financial Assets</i>		
At amortized cost		
Long term deposits	95,714	95,714
Loans and other receivables	1,521,700	3,927,881
Cash and bank balances	13,091,286	15,377,553
	<u>14,708,700</u>	<u>19,401,148</u>
<i>Financial Liabilities</i>		
At amortized cost		
Creditors, accrued and other liabilities	125,779,737	120,233,772
Short term and long term loan	92,039,491	92,039,491
Loan from directors	9,500,000	9,500,000
	<u>227,319,228</u>	<u>221,773,263</u>

31 FINANCIAL RISK MANAGEMENT

The company's activities expose it to a variety of financial risk, market risk, credit risk and liquidity risk. The company's overall risk management programme focuses on having cost efficient funding as well as to manage financial risk to minimize earning volatility and provide maximum return to shareholders

The Board of Directors has overall responsibility for the establishment and oversight of the Company's financial risk management framework. The board is also responsible for developing and monitoring the Company's risk management policies.

31.1 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing returns.

31.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transactions entered in foreign currencies. As at June 30, 2022, the company is not exposed to currency risk.

31.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate risk arises from long and Short term borrowings from financial institutions. As at June 30, 2022, the interest rate risk profile of the Company's doesn't have any interest-bearing financial instrument.

31.4 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. As at June 30, 2022 the Company is not exposed to price risk.



31.5 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company does not have any significant exposure to customers from any single customer

Credit risk of the Company arises principally from trade debts, advances, deposits, other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	Note	2022		2021	
		-----Rupees----->			
Long term deposits			95,714		95,714
Account receivables	30.5.1		-		2,076,181
Loans and other receivables			1,521,700		1,851,700
Cash and bank balances			13,091,286		15,123,398
			<u>14,708,700</u>		<u>19,146,993</u>

31.5.1 the credit risk exposure on the Company's trade debts

	-----Rupees----->	
	June 30, 2022	June 30, 2021
30 days	-	415,236
31 to 90 days	-	1,660,945
91 to 180 days	-	-
180 days to 1 year	-	-
	<u>-</u>	<u>2,076,181</u>

Concentration of credit risks exists when changes on economic and industry factors similarly affect the group of counter parties whose aggregated credit exposure is significant on relation to the company's total credit exposure . The company's financial assets are broadly diversified and transactions are entered into with diverse credit worthy parties, thereby mitigating any significant concentration risk. Therefore, the company believes that it is not exposed to major concentration of credit risk.

However, impairment analysis is always performed as each reporting date using a provision matrix to measure expected credit losses. Generally trade debtors are written off if past due for more than one year and are not subject to enforcement activity.

Other financial

The credit quality of balances with banks can be assessed by reference to external credit ratings as shown below:

Bank	Rating agency	Short- term Rating	2022		2021	
			----- (Rupees) -----			
Summit Bank Ltd	JCR - VIS	A-3		106		350,106
BankIslami Pakistan Limited	PACRA	A-1		353,397		232,527
Samba Bank Limited	JCR - VIS	A-1		1,855		1,855
Bank Al-Habib Limited	PACRA	A-1+		5,986,672		9,955,827
Habib Metro	PACRA	A-1+		2,878,797		4,583,084
Standard Chartered Bank	PACRA	A-1+		3,862,274		-
				<u>13,083,101</u>		<u>15,123,399</u>



31.6 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or would have difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The following are the contractual maturities of financial liabilities, including interest payments, excluding the impact of netting agreements:

Financial liabilities in accordance with their contractual maturities are presented below:

2022	Less than 3 months	3 to 12 months	1 to 5 years	Greater than 5 years	Total
Loan from directors	-	-	-	-	-
Creditors, accrued and other liabilities	5,908,214	119,871,523	-	-	125,779,737
Current maturity of loan from directors	-	-	-	-	-
Current portion of long term loan	-	-	71,422,097	-	71,422,097
Interest on short term and long term loan	-	-	20,617,394	-	20,617,394
Overdue of loan from directors	-	-	-	-	-
Total	5,908,214	119,871,523	92,039,491	-	217,819,228
2021	Less than 3 months	3 to 12 months	1 to 5 years	Greater than 5 years	Total
Loan from directors	-	9,500,000	-	-	9,500,000
Creditors, accrued and other liabilities	24,046,754	96,187,018	-	-	120,233,772
Current maturity of loan from directors	-	-	-	-	-
Current portion of long term loan	-	-	71,422,097	-	71,422,097
Interest on short term and long term loan	-	-	20,617,394	-	20,617,394
Overdue of loan from directors	-	-	-	-	-
Total	24,046,754	105,687,018	92,039,491	-	221,773,263

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages liquidity risk by maintaining sufficient cash and bank balances and availability of financing through banking arrangements, which includes Short term finances.



32 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of all the financial instruments reflected in the financial statements approximates to their fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

Fair value hierarchy;

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 30 June, 2021, the company has no financial instruments that falls into any of the above category. There were no transfer between level 1, 2 and 3 in the year.

33 CAPITAL RISK MANAGEMENT

The objective of the company when managing capital i.e its shareholder's equity is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits to other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The company manage its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions consistent with others in the industry. The company manages its capital risk by monitoring its liquid assets and keeping in view future investment requirements and expectation of the shareholders.

As at June 30, 2022 and 2021, the company had surplus reserves to meet its requirements.

The gearing ratio as at June 30, 2022 and June 30, 2021 is as follows:

	June 30, 2022	June 30, 2021
Total Debts*	92,039,491	176,076,849
Cash and bank balances	(13,091,286)	(15,377,553)
Net Debts	78,948,205	160,699,296
Share capital	150,000,000	150,000,000
Surplus on revaluation of property, plant and equipment	964,497,676	969,970,459
Share premium	337,400,000	337,400,000
Revenue reserve	(770,515,235)	(766,580,680)
Loan from directors	261,574,406	173,724,406
Equity	942,956,847	864,514,185
Capital	1,021,905,051	1,025,213,481
Gearing ratio (debt/ (debt + Equity)	8%	16%

*These comprise of long term loan, interest on short term and long term, overdue of loan from directors.



	2022	2021
34 CAPACITY & PRODUCTION		
Production capacity for vertical farming	3000 KG	3000 KG
Actual production for vertical farming	2100 KG	2100 KG
Capacity cold storage(tonnes)	425	425
Actual usage for cold storage(tonnes)	297.5	297.5

Actual production was sufficient to meet the demand.

	2022	2021
35 NUMBER OF EMPLOYEES		
	Number	
Number of employees at the year-end	21	21
Average number of employees	21	21

36 Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan.

37 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved and authorized for issue on 14 NOV 2022 by the Board of Directors of the Company.

Handwritten initials

Chief Executive

Director

Chief Financial Officer



NOTES TO THE FINANCIAL STATEMENTS
DETAILS OF CATEGORIES OF SHAREHOLDERS
FOR THE YEAR ENDED JUNE 30, 2021

	No. of Share Holders	Total
Financial Institutions		
National Bank of Pakistan		3,754,900
Allied Bank Limited		788,800
	2	4,543,700
 DIRECTORS, CEO, THEIR SPOUSES AND MINOR CHILDREN		
Sohail Ahmed		3,398,720
Asim Ahmed		1,830,080
Ghazala		1,306,850
Saba Sohail		500
Sana Sohail		500
Bina Sohail		500
Farhan Sohail		500
	7	6,537,650
Individual	1	3,918,650
Total		15,000,000

Shareholders Holding 10% or More Voting interest in the company
as at June 30, 2021

DIRECTORS, CEO, THEIR SPOUSES AND MINOR CHILDREN

Sohail Amed	3,398,720	22.66%
Asim Ahmed	1,830,080	12.20%

Financial Institutions

National Bank of Pakistan	3,754,900	25.03%
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NOTES TO THE FINANCIAL STATEMENTS
DETAILS OF CATEGORIES OF SHAREHOLDERS
FOR THE YEAR ENDED JUNE 30, 2021

No. of Share Holders	Shareholdings		Total Shares Held
	From	To	
1	101	500	500
1	785001	790,000	788,800
2	1305001	1,310,000	2,613,000
3	2610001	2,615,000	7,842,800
1	3750001	3,755,000	3,754,900
8			15,000,000

Categories of Shareholders	Numbers	Share Held	Percentage
DIRECTORS, CEO, THEIR SPOUSES AND MINOR CHILDREN	7	6,537,650	43.58%
Financial Institutions	2	4,543,700	30.29%
Individual	1	3,918,650	26.12%
Totals	10	15,000,000	100%



FORM OF PROXY

The Secretary
SG Allied Businesses Limited
B-40, S.I.T.E.,
Karachi.

I/We _____ of _____ being a member of **SG Allied Businesses Limited**, and holder
Of _____ Ordinary shares hereby appoint _____ of
_____ as _____ me/our proxy to attend and vote for me/our behalf at
the 54th Annual General Meeting of the Company to be held on Monday, December 12, 2022 at 10:30a.m and at
Any adjournment thereof;

In witness my/our hand seal this _____ day of _____ 2022

Signed by _____

**Please affix
Rs. 5/-
Revenue
Stamp**

In the presence of _____ Signature of Member _____

Folio No. _____

IMPORTANT

1. This proxy form duly completed and signed, must be received at the Registered Office of the Company, B-40, S.I.T.E., Karachi, not less than 48 hours before the time of holding the meeting and must be duly signed and witnessed.
2. A Proxy need not be a member of the Company.
3. If a member appoint more than one proxy and more than one instrument of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

For CDC Account Holders / Corporate Entities::

1. The proxy form shall be witnessed by two persons whose names, addresses and CNIC number shall be mentioned on the form.
2. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
3. The proxy shall produce his/her original passport at the time of the meeting.
4. In case of Government of Pakistan, State Bank of Pakistan, Corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted along with proxy form to the compan



**AFFIX
CORRECT
POSTAGE**

**The Company Secretary
SG Allied Businesses Limited
B-40, S.I.T.E.
Karachi**

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B-40 S.I.T.E
KARACHI-PAKISTAN
TEL: (92-21) 32593411
(92-21) 32593500
WEBSITE: WWW.SGLYNE.COM

